GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:4326
ANSWERED ON:20.04.2000
JOINT VENTURE FOR LAYING OPTIC FIBRES
C. KRISHNAN

Will the Minister of RAILWAYS be pleased to state:

:

(a) the number of Memoranda of Understanding fortelecom joint venture were signed between RITESand private companies for laying optic fibres between Chennai and Delhi, Delhi and Mumbai in the past;

(b) the details thereof including the terms or salient features of the MoUs;

(c) whether it was approved by Railway Board before signing the Memorandum of Understanding;

(d) if so, details thereof and if not, the reasons therefor;

(e) whether any review of memorandum of Understanding was ordered;

(f) if so, details thereof; and g) the steps are being taken by the concerned to speed up the laying the optical fibres and the time by which the whole Project would be completed? Answer

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI DIGVIJAY SINGH
(a) to (g) RITES had signed a general Memoranda of

Understanding (MOU) with M/s. Global Tele Systems, USA on

3.10.97 for exploring the possibility of doing telecom

business jointly by utilising Railways' right of way. This

MOU was of a general nature and no specific provision was

made in it for laying optical fibre cable between Chennai

and Delhi or Delhi and Mumbai. The MOU lapsed on 1.5.98

because M/s. Global Tele Systems did not show any further

interest in the matter.

RITES signed another MOU with M/s. BPL on 31.3.99 for

laying optical fibre cables between Mumbai-Chennai with

connecting links to Bangalore and Hyderabad. Salient points

of this MOU were :-

(i) RITES and M/s BPL were to jointly execute the above

work.

(ii) Spare telecom capacity created by OFC network, after

fully meeting Railway's requirements, was to be

commercially exploited.

(iii) RITES and M/s BPL were to hold equity in the joint venture in the ratio of 51:49, with RITES having higher (51) equity share. The equity ratio was later to be changed to 50:50 with a condition that control of management of joint venture would be with Ministry of Railways.

(iv) 20 % of net profit to be generated was to be given to Ministry of Railways.

(v) Final joint venture agreement was to be cleared by the Board of Directors of RITES and M/s. BPL.

(vi) Preparatory work was to start after signing of MOU, and

(vii) Unresolved disputes, if any, were to be settled as per Arbitration Act.

RITES signed the MOU with M/s. BPL after taking approval of its Board of Directors. As the MOU was only an understanding between RITES and M/s. BPL in connection with laying of optical fibre cable on Mumbai-Chennai route after forming a joint venture, no approval for signing the MOU was taken from Railway Board. Formation of joint venture, however, needs approval of Ministry of Railways and the same was not given because Ministry of Railways, in the meantime, took a policy decision to build a nation-wide broadband telecom and multi-media network by utilising Railways' right of way' by laying optical fibre cable along 62,800 route kms. of Railway track to facilitate- (a) modernisation of Railway's operational, safety and signalling systems; (b) supplement national telecom infrastructure thereby spurring growth of telecom, internet and IT-enabled services in all parts of country, especially rural and backward areas located in vicinity of Railway track; and (c) generate badly needed revenue for implementation of Railways development and safety enhancement schemes. Since these objectives were not being achieved through piecemeal and fragmented approach of allowing RITES and other Railway PSUs to lay optical fibre cable on

smaller routes like Chennai-Mumbai, Ministry of Railways did not approve RITES' proposal for formation of a joint venture with BPL. To implement the broadband telecom and multi-media network expeditiously. Railways have taken steps to setup a professionally managed venture exclusively for building the network and marketing the telecom. capacity and value-added IT services.

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